

MINUTES
Council on Postsecondary Education
September 16, 2001

The Council on Postsecondary Education met September 16, 2001, at 12 noon at the Marriott East in Louisville, Kentucky. Chair Whitehead presided.

Mr. Whitehead asked for a moment of silence in lieu of the events of September 11.

OATH OF OFFICE

Patricia Walker FitzGerald, Jefferson County Circuit Judge and Chief Judge of Jefferson County Family Courts, administered the oath of office to Richard Freed. Dr. Freed was appointed recently by Governor Patton as the council's faculty representative. He is a professor of English at Eastern Kentucky University.

EKU PRESIDENT

Mr. Whitehead introduced Joanne Glasser, president-elect of Eastern Kentucky University.

ROLL CALL

The following members were present: Norma Adams, Peggy Bertelsman, Richard Freed, John Hall, Hilda Legg, Shirley Menendez, Christopher Pace, Lois Weinberg, and Charles Whitehead. Walter Baker, Steve Barger, Ron Greenberg, Charlie Owen, Joan Taylor, and Gene Wilhoit did not attend.

**IMPLICATIONS OF A
RIGOROUS HIGH
SCHOOL CURRICULUM**

Jan Somerville with The Education Trust gave a presentation on the implications of a rigorous high school curriculum. Several members of the council's Committee on Equal Opportunities were present for the presentation: Beverly Watts, Wendell Thomas, Gippy Graham, Raoul Cunningham, Bill Wilson, and Marlene Helm.

**APPROVAL OF
MINUTES**

The minutes of the July 30 council meeting and the August 27 executive committee meeting were approved as distributed.

UofL PRESENTATION

Dr. John Shumaker, president of the University of Louisville, discussed the efforts of his institution to achieve postsecondary education reform as presented in House Bill 1 in 1997.

Dr. Shumaker introduced several Bucks for Brains faculty in the audience. Van Clouse, Paul Epstein, Victoria Molfese, and Don Taylor discussed the programs they are involved in at the University of Louisville.

**2002-04 OPERATING
BUDGET**

RECOMMENDATION: To set a goal slightly above the benchmark median for each Kentucky institution, the staff recommends that the council approve the average of the 50th, 55th, and 60th percentiles as the funding objective for the 2002-04 operating budget recommendation. Mr. Davies said that the lists of benchmark institutions were developed in

1999 and modified during this year, following the “points of consensus” endorsed by the Strategic Committee on Postsecondary Education and the council. The staff is now dealing with how to establish the funding objective using each list, which is essential to measuring how Kentucky’s institutional funding compares to that of institutions Kentucky’s are like or want to be like. The staff has tested several techniques and is making the above recommendation. The staff feels that the method is mathematically valid, is fair, and can be explained in plain English to people who are not statisticians.

MOTION: Ms. Legg moved that the recommendation be approved. Ms. Weinberg seconded the motion.

VOTE: The motion passed.

COUNCIL BYLAWS

RECOMMENDATION: The staff recommends that the council adopt the revised bylaws.

Mr. Davies said the council discussed proposed revisions to the bylaws briefly at the July meeting and suggested a few changes in dates.

MOTION: Ms. Bertelsman moved that the recommendation be approved. Ms. Menendez seconded the motion.

Mr. Pace said that the Board of Student Body Presidents is concerned about the timeframe for selecting the council chair and vice chair.

VOTE: The motion passed with Mr. Pace voting no.

2002 MEETING DATES

RECOMMENDATION: The staff recommends that the council approve the 2002 meeting dates.

MOTION: Ms. Bertelsman moved that the dates be approved. Ms. Weinberg seconded the motion.

VOTE: The motion passed.

COMMITTEE APPOINTMENTS

Mr. Davies said that Mr. Whitehead has asked several council members to sit on various committees: SCOPE, John Hall; Distance Learning Advisory Committee, Joan Taylor and Charlie Owen; P-16 Council, Peggy Bertelsman.

COUNCIL STAFF

Mr. Davies introduced Dr. William H. Payne, who has joined the council staff as senior associate for finance.

P-16 COUNCIL MEMBERSHIP

RECOMMENDATION: The staff recommends that the council extend the membership of the P-16 Council to include Kim Townley, executive

director of the Governor's Office of Early Childhood Development, and Allen Rose, secretary of the Cabinet for Workforce Development.

MOTION: Ms. Menendez moved that the recommendation be approved. Ms. Weinberg seconded the motion.

VOTE: The motion passed.

2002-04 TUITION RATES AND REVENUE

The council approved tuition-setting guidelines for the 2002-04 biennium in May 2001. The guidelines continue to delegate tuition-setting responsibility to the institutions. The institutions were to report planned tuition rates and projected tuition and fees revenue for each year of the biennium and this information was included in the agenda book.

KEY INDICATORS GOALS

RECOMMENDATION: The staff recommends that the council approve the 2002-06 public institution goals for enrollment, transfers, retention, and graduation.

At the July meeting, the council asked the institutions to reconsider their enrollment, retention, and graduation rate projections through 2006. The projections have been revised and are on target to meet long-range systemwide goals. Based on the first enrollment reports from the institutions, the system is up 11,000 students this fall. This growth in the public and private institutions puts Kentucky higher education for the first time over 200,000 students. The council set a goal of 80,000 more undergraduates by 2020. The staff is projecting that by 2015 the institutions will enroll 77,000 of those students. Based on this growth, Mr. Davies said that the council might want to revise its long-range enrollment growth schedule.

MOTION: Ms. Weinberg moved that the recommendation be approved. Ms. Legg seconded the motion.

Ms. Weinberg asked if the 11,000 students included the KYVU enrollments.

Angie Martin, the council's vice president for finance, replied that most of the KYVU students are taking courses at Kentucky institutions and are, therefore, included in the enrollment figures. But students in KYVU courses offered by out-of-state institutions are not included in the enrollments (that is, they are excluded from the 200,000 figure).

VOTE: The motion passed.

MOSU WAIVER

RECOMMENDATION: The staff recommends that the council accept the Committee on Equal Opportunities recommendation to grant Morehead State University a waiver of the requirements of KRS 164.020(18). At the May meeting, based upon a recommendation from the CEO, the council denied a request from Morehead State University for a waiver based on the institution not meeting its equal educational opportunity

goals. Morehead has been hard at work since then and appeared before the CEO August 20 to ask for reconsideration. Granting this waiver will enable Morehead to approve or ask the council to approve new academic programs during calendar year 2001.

MOTION: Ms. Bertelsman moved that the recommendation be approved. Ms. Weinberg seconded the motion.

VOTE: The motion passed.

KYVU/KYVL

Mr. Davies said that the Kentucky Virtual University is off to a strong start this fall, with unduplicated headcount of 4,807 and total class enrollments of 6,387. The KYVU now offers a total of 545 courses. The monthly number of library transactions through the Kentucky Virtual Library remains steady at about 600,000 per month (that averages 20,000 per day and more than 800 per hour).

Mr. Freed asked for a breakdown on the usage of the virtual library. The staff will provide that information to the council members.

KENTUCKY INNOVATION ACT

Mr. Davies said that the Kentucky Science and Technology Corporation issued the request for proposals September 4 for three of the four Kentucky Innovation Act programs for which the council has policy responsibility: the Research and Development Fund, the Commercialization Fund, and the Rural Innovation Fund. The KSTC expects to make awards to successful applicants by the end of December. The RFP for the fourth program, the Regional Technology Corporations, will be issued this fall and will come to the council in November. The council staff is reviewing the draft of the entrepreneurial audit conducted by the KSTC as part of the Kentucky Innovation Act, with the final audit report scheduled for release October 15.

ENGINEERING

Memoranda of understanding have been signed to provide for joint engineering programs under the statewide engineering strategy. The agreements are between MuSU, WKU, UofL, UK, and the council. The joint programs are mechanical engineering by WKU and UK, civil engineering by WKU and UK, electrical engineering by WKU and UofL, and electrical and telecommunications engineering by MuSU and UofL. The programs are offered so that students do not have to leave Bowling Green or Murray to earn a bachelor's degree in engineering.

Mr. Davies said that the commissioner of the new economy has said to the presidents and to others that the state lacks strength in the information technology area. Mr. Davies said that the council staff may bring a

recommendation to request funding for engineering but also expand the recommendation for engineering and information technology as part of the science and technology trust fund.

ENDOWMENT
MATCH GUIDELINES
SUBCOMMITTEE

The subcommittee to review endowment match guidelines has met twice to review current program guidelines and reporting procedures. The subcommittee discussed several issues, including donor anonymity, council oversight, the purpose of endowments, and pledge payment schedules. The group plans to meet again in October.

QUALITY
SUBCOMMITTEE

Chairman Whitehead has appointed a council subcommittee of John Hall, Ron Greenberg, Joan Taylor, and Richard Freed to consider what quality means in postsecondary education and how it should be measured. The group will meet September 17 and will be joined by Dr. Margaret Miller, professor at the University of Virginia and president emerita of the American Association of Higher Education.

WKU
DIDDLE ARENA

At the July meeting, the council heard about a proposal to transfer ownership of Diddle Arena from Western Kentucky University to the city of Bowling Green. Chairman Whitehead asked Charlie Owen, Walter Baker, and Steve Barger to review this proposal in greater detail. Since then, the project changed so that WKU will retain ownership of Diddle Arena, the City of Bowling Green will issue bond anticipation notes for its renovation, and WKU will retire the debt with an \$80 per semester special student fee. At the direction of the council committee, Mr. Davies supported the project at the August 21 Capital Projects and Bond Oversight Committee meeting and suggested that the council work with the Finance and Administration Cabinet, the Office of the Attorney General, the Governor's Office for Policy and Management, and the State Auditor to develop a procedure for handling unusual capital outlay financing proposals involving public colleges and universities. Since the August 21 meeting, the scope of the project changed to place turf on the football field and construct a pedestrian walkway; to obligate the university to use other athletic program funds for debt service if the student fee should provide insufficient funds; and to give the city the right to seek judicial confirmation that the deal is legal. On the basis of these changes, the Secretary of Finance stated that the Finance and Administration Cabinet will withhold approval of the deal at this time.

Mr. Davies said that he recently met with the Mississippi Board of Trustees of the State Institutions of Higher Learning to discuss "mission creep" among its institutions. Mississippi has 3 million people, eight public universities, and four of them are designated as research universities. The board knows it cannot afford the infrastructure required by four research institutions. Mr. Davies said this highlights the importance of this council and this system focusing on the responsibilities assigned to individual universities and to the KCTCS, doing them well, and then doing them better, but not trying to become more and more like one another.

Mr. Pace said the Board of Student Body Presidents passed a resolution asking the institutions of postsecondary education to observe a moment of silence September 18 from 8:45 to 8:50 a.m. to recognize the victims and families of the September 11 terrorist attacks. Mr. Pace asked the administrators of the institutions to help make this possible.

NEXT MEETINGS

Mr. Davies said that the council will meet with the presidents of the independent colleges and universities October 9 at Midway College. October 10 the council will meet at 8:30 a.m. at the council offices in Frankfort to discuss budget issues. At 1 p.m. that afternoon, institutions will be invited to make presentations to council members on special funding requests and capital project priorities. The council will meet in Frankfort November 5 to take action on the 2002-04 budget recommendations.

TRUSTEESHIP CONFERENCE

The Annual Governor's Conference on Postsecondary Education Trusteeship will begin after this meeting. Sir Brian Follett, vice chancellor emeritus, University of Warwick, United Kingdom, will deliver the keynote address on "The Entrepreneurial University in a System." Monday the presidents of the universities and KCTCS will participate on a panel to discuss the considerable progress of the last four years and the continued efforts of postsecondary education reform. Mr. Davies encouraged everyone to visit displays throughout the hotel highlighting the programs of distinction and the Research Challenge Trust Fund programs.

ADJOURNMENT

The meeting adjourned at 2:45 p.m.

Gordon K. Davies
President

Phyllis L. Bailey
Secretary

MINUTES

Joint Meeting Council on Postsecondary Education and Presidents of the Independent Colleges and Universities October 9, 2001

The Council on Postsecondary Education met in a special meeting October 9, 2001, at 4 p.m. with the presidents of the independent Kentucky colleges and universities. The meeting was held in the Student Center at Midway College, Midway, Kentucky. Chair Whitehead presided.

Mr. Whitehead thanked Allyson Hughes Handley, president of Midway College, for hosting the meeting. He said that this is the first meeting between the council and independent presidents since the inception of the 1997 postsecondary education reform.

ROLL CALL

The following council members were present: Norma Adams, Walter Baker, Peggy Bertelsman, Richard Freed, Shirley Menendez, Charlie Owen, Chris Pace, Joan Taylor, Lois Weinberg, and Charles Whitehead. Steve Barger, Ron Greenberg, John Hall, Hilda Legg, and Gene Wilhoit did not attend.

The following represented the independent colleges and universities: Bill Julian, provost and dean of the faculty, Lindsey Wilson College; David Arnold, vice president for academic affairs, Saint Catharine College; Tom Oates, president, Spalding University; Paul Radar, president, Asbury College; Hal Smith, president, Pikeville College; Vivian Bowles, president, Brescia University; Bill Crouch, president, Georgetown College; Allyson Hughes Handley, president, Midway College; Gary Cox, president, Association of Independent Kentucky Colleges and Universities; Jay McGowan, president, Bellarmine University; Charles Shearer, president, Transylvania University; Joe Lee, president, Thomas More College; Sue Weedman, associate dean, Cumberland College; David Joyce, president, Union College; Larry Shinn, president, Berea College; John Roush, president, Centre College; Mike Fagan, vice president of academic affairs, Kentucky Wesleyan College; John Chowning, vice president for external relations and assistant to the president, Campbellsville University; Jeff Metcalf, vice president for institutional research, Kentucky Christian College.

OPENING COMMENTS

President Handley, Gordon Davies, and Gary Cox gave opening comments.

President Handley said it is a pleasure to welcome the council to Midway

College and to host this historic meeting on behalf of the Association of Independent Kentucky Colleges and Universities. She said that one of the reasons she chose to come to Kentucky was because of the support for higher education shown by Governor Patton and members of the council. Early in her presidency she met with Mr. Davies, who visited not only the presidents of the public institutions but also the presidents of many of the independent institutions. He laid a very important groundwork for what has ultimately led to this meeting.

Grace Harms brought greetings on behalf of the students of Midway College and the students of all of the independent institutions.

Mr. Davies said that he is committed to the notion that the public universities, the community and technical colleges, and the independent colleges and universities all provide extraordinary, valuable options to the students of any state. He said that while independent institutions are funded differently than public institutions, they nonetheless serve a public purpose and, in that sense, are part of a system that this fall enrolled more than 200,000 students for the first time in history. He said that Kentucky has a long way to go to become a truly competitive state in the emerging new and technologically based economy, but he is convinced that the public and independent institutions in the state will work together to make that happen.

PRESENTATIONS AND DISCUSSION

Mr. Cox gave a presentation on the status of Kentucky independent higher education. Information was provided on enrollment, degree productivity, graduation rates, tuition and fees, and sources of grant and scholarship support. In summary, Kentucky's independent colleges and universities are key providers of higher education; are diverse, meeting a range of student needs; are economic engines in many of the state's poorest areas; reach out to the state's underserved populations; and are low-cost, high-quality providers of baccalaureate education for the state.

Responses to the council's five questions were provided from each independent college and university. Several representatives discussed programs and services offered by the independent institutions.

Mr. Cox discussed "the changing postsecondary landscape" and the findings of the recent report by MGT of America entitled "The Role and Effectiveness of the Independent Colleges and Universities in Achieving Kentucky Postsecondary Education Goals."

A discussion followed about possible next steps and increasing the role of the independent institutions in achieving the public agenda for postsecondary education in Kentucky.

Mr. Davies said that this meeting should serve as the first of many conversations between the council and the independent institutions.

ADJOURNMENT

The meeting adjourned at 6:35 p.m.

Gordon K. Davies
President

Phyllis L. Bailey
Secretary

MINUTES
Council on Postsecondary Education
October 10, 2001

The Council on Postsecondary Education met in a special meeting October 10, 2001, at 8:30 a.m. at the council offices in Frankfort, Kentucky. Chair Whitehead presided.

ROLL CALL

The following members were present: Norma Adams, Walter Baker, Peggy Bertelsman, Richard Freed, Shirley Menendez, Charlie Owen, Chris Pace, Joan Taylor, Lois Weinberg, Charles Whitehead, and Gene Wilhoit. Steve Barger, Ron Greenberg, John Hall, and Hilda Legg did not attend.

**JOINT MEETING WITH
INDEPENDENT
COLLEGES AND
UNIVERSITIES**

Mr. Whitehead said that October 9 the council had a historic meeting with the presidents of the independent colleges and universities. He said that discussions about collaboration will continue.

Mr. Davies said that this is a special meeting of the council primarily to discuss issues around the budget recommendation that the council will make in November to the Governor and the General Assembly.

**ADULT EDUCATION
PLAN**

RECOMMENDATION: The staff recommends that the council approve the Adult Education Local Needs Assessment and Community Development Pilot Project, authorizing the allocation of up to \$200,000 of the Adult Education and Literacy Trust Fund for 2001-02.

MOTION: Ms. Weinberg moved that the recommendation be approved. Ms. Taylor seconded the motion.

Dr. Cheryl King, the council's associate vice president for adult education, said that the council's Adult Education Action Plan approved last year includes a component for Local Needs Assessment and Community Development. In conjunction with the public communications campaign, ten Kentucky communities will serve as pilot sites. Once local assessment is completed, community organizers are expected to identify systemic solutions and create a strategic plan to increase participation in education programs at all levels. The communities will be encouraged to form a local P-16 council if they do not have one. If the community decides to organize a P-16 council, it must go through the same application process as the P-16 councils that have already been organized.

The communities were selected based on low levels of literacy, high dropout rates, the demonstrated strength and leadership of the adult education program, participation in GEAR UP Kentucky, geographic distribution, county population, and proximity to media markets. The communities are: Boyd County (Ashland), Fayette County (Lexington), Hardin County (Elizabethtown), Hopkins County (Madisonville), Jefferson County (Louisville), McCracken County (Paducah), Northern Kentucky (Boone, Campbell, Kenton), Perry County (Hazard), Pulaski County (Somerset), and Warren County (Bowling Green).

VOTE: The motion passed.

UK
CAPITAL PROJECT

RECOMMENDATION: The staff recommends that the council approve the University of Kentucky's request to install a new heating, ventilation, and air conditioning system to serve the Shively Sports Center with \$475,000 of private funds.

MOTION: Mr. Baker moved that the recommendation be approved. Ms. Menendez seconded the motion.

VOTE: The motion passed.

HIGHER EDUCATION
FINANCE

Dennis Jones, president of the National Center for Higher Education Management Systems, gave an overview of how revenues flow into colleges and universities and the relationships of those revenues to one another and to institutional operations. He urged council members to consider the "interrelatedness" of their policy decisions (for instance, tuition policy, need-based student aid, state appropriations), particularly as they develop budget recommendations for 2002-04.

PROJECTED BUDGET
SHORTFALL

Ron Carson, the council's senior fellow for policy development, discussed the projected budget shortfalls. He distributed a chart showing the history of revenue shortfalls since 1980-81 and how much of those general fund appropriations actually took place in the postsecondary education sector.

This fiscal year the Consensus Forecast Group (CFG), the group established by state statute that makes the revenue forecast upon which the budget is based, came forth with a revised forecast June 14. At that time, the group indicated that the state would have an approximate \$295 million shortfall. There were some items on the expenditure side that needed to be addressed that resulted in a series of budget actions totaling about \$326 million. Those cuts were made as the fiscal year began. At that time and, as it exists today, the state budget is balanced as a result of those various actions.

Since then, a budget planning report, required under House Bill 1, has provided a sneak preview of the revenue situation for the ensuing budget period. This report was completed in mid-August and was presented by State Budget Director Jim Ramsey to the September 26 meeting of the Strategic Committee on Postsecondary Education. Numbers for a five-year period (FY 02-06) were presented. While it does not represent an official forecast, it did indicate that in the current year, above and beyond the \$326 million shortfall, it appeared that the state might be down another \$60 million in General Fund revenue.

The CFG met October 3 and will meet again the afternoon of October 10 to issue an official revised forecast for this year as well as numbers for both FY 03 and 04 upon which the agency budget requests will be based. It is very likely that the additional shortfall for this year will range from \$175-\$200 million.

According to statute, the council is required to submit a budget request on behalf of the system no later than November 15. Sometime between now

and then, or perhaps subsequent to November 15, the council could be asked to participate in a budget cutback process along with other areas of state government that have thus far this fiscal year been spared. Mr. Carson said that if the shortage is in the \$175-\$200 million range that would mean the growth for this year in the general fund over last year would be only about 1 percent or perhaps less. He said that as late as the budget planning report in August, the forecasters thought the state might get 2.5 percent growth this fiscal year. Things have dramatically deteriorated during the last two months.

BUDGET
WORK SESSION

At the November 5 council meeting, members will take action on funding issues that will lay the groundwork for postsecondary education reform for the next biennium. Material was provided for information on the five primary 2002-04 budget components:

- operating recommendation
- strategic investment and incentive trust funds recommendation
- special funding requests
- capital outlay recommendation
- agency/KYVU/KYVL operating and capital recommendations

Angie Martin, the council's vice president for finance, discussed each component and answered questions.

NEXT MEETING

The next meeting is November 5 in Frankfort.

ADJOURNMENT

The meeting adjourned at 11:55 a.m.

BUDGET HEARING

At 12:30 p.m., the institutions presented to the council members their special requests and highest priority capital projects. In addition to the nine public institutions and KCTCS, presentations were made by the Association of Independent Kentucky Colleges and Universities, the Kentucky Higher Education Assistance Authority, and the Kentucky Virtual University. Council members Norma Adams, Walter Baker, Peggy Bertelsman, Richard Freed, Shirley Menendez, Joan Taylor, and Charles Whitehead attended.

Gordon K. Davies
President

Phyllis L. Bailey
Secretary